

Service Date: December 8, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application)UTILITY DIVISION
of GREAT FALLS GAS COMPANY, for)DOCKET NO. 92.8.37
Authority to Increase Rates and)INTERIM ORDER NO. 5676
Charges for Natural Gas Service.)

ORDER ON CONSERVATION SURCHARGE

On August 4, 1992, Great Falls Gas Company (GFG or Company) filed an application seeking authority to impose a surcharge of \$.0252 per Mcf. The proposed surcharge has two elements: 1) reinstatement of the No Interest Loan Program (NIP) Loan surcharge and 2) zero interest loans to low income customers to change out furnaces that are either inefficient or condemned. The proposed conservation surcharge of \$.0252 is derived as follows:

\$.0174 per Mcf NIP Loan surcharge
\$.0078 per Mcf Furnace Efficiency Program
\$.0252 per Mcf Proposed Conservation surcharge

NIP Loan Surcharge

1. In Docket No. 81.4.44, Order No. 4804a, the Commission approved the use of a balancing account to allow GFG to recover the costs associated with its NIP Loan Program. The balancing account contains costs including interest expense, outside administration expense and uncollectible accounts expense. The NIP Loan surcharge is collected from all customer classes on a uniform cents/Mcf basis.

2. In Docket No. 90.3.20, GFG agreed to temporarily suspend the NIP Loan surcharge to its customers until \$100,000 had been removed from the balancing account. In fiscal year 1991, GFG reduced the balancing account by \$43,020 and in fiscal year 1992, GFG reduced the balancing account by \$56,980. These two amounts when summed equal the agreed to reduction of

\$100,000.

3.Total cumulative unrecovered interest and other costs total \$80,533 through March 31, 1992. Dividing this amount by the latest approved test period volumes (4,639,853 Mcfs) results in a NIP Loan surcharge of \$.0174 per Mcf.

4.The Commission finds that GFG has reduced the balancing account by \$100,000 as agreed in Docket No. 90.3.20; therefore, it is now appropriate to reinstate the NIP Loan surcharge at the proposed level of \$.0174 per Mcf.

Furnace Efficiency Program

5.The Company is proposing an incremental surcharge of \$.0078 per Mcf to fund a furnace improvement program for low-income customers. In its proposal, the Company stated that the NIP Loan surcharge and the low-income furnace efficiency program would be combined on customer bills as a conservation surcharge, yet tracked separately.

6.Energy Share of Montana proposed the furnace efficiency program to GFG. The total cost for the proposed program is \$36,000. Ms. Rice, GFG witness, divided \$36,000 by volumes of 4,603,527 Mcfs to arrive at a furnace efficiency surcharge of \$.0078 per Mcf. The program proposes to tuneup, repair and/or replace furnace systems in 100 homes. In order to qualify for the new program, occupants of the home would have to be GFG customers, LIEAP eligible and have received weatherization services from Opportunities, Inc. prior to 1991. Under the proposal, the program would be administered by Energy Share of Montana and be operated by Opportunities, Inc.

7.Among the benefits of the proposed furnace efficiency program identified by Energy Share of Montana are: lower utility bills for low-income customers, improved health and safety due to the elimination of carbon monoxide and other pollutants, and the leveraging of these funds with Federal weatherization funds.

8.According to Mr. Les Stevenson, the Executive Director of Opportunities, Inc., that organization did not include heating systems in their program prior to 1991. Under this proposal, Opportunities, Inc., would return to those homes weatherized before 1991 and take the necessary steps to ensure that the heating systems are working properly.

9.This program will target one hundred homes for service under this proposal at a cost of \$36,000. Approximately 90 percent of the heating systems will require only a tuneup and minor repairs. The remaining 10 percent are likely to require extensive repairs or replacement. Energy Share of Montana estimates that it will take one year to complete this project.

10.The Commission finds that the furnace efficiency program is hereby approved as a one year pilot program. The surcharge for this program will be eliminated once \$36,000 has been accumulated by the surcharge. Within three months of the completion of this pilot project, GFG shall file a complete report with the Commission which will include the following: the amount collected by the furnace efficiency surcharge; the disposition of those funds; the number of homes served; the cost per home; the number of furnace replacements; the amount of energy saved by each home; and the number of customers whose accounts became delinquent after the furnace improvements were made. The Commission finds that the NIP Loan surcharge and the low-income furnace efficiency surcharge should be shown as separate line items on customers' bills. The furnace efficiency surcharge line on the bill should identify the surcharge as a low-income furnace efficiency surcharge.

CONCLUSIONS OF LAW

1.Great Falls Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such, it is subject to the supervision, regulation and control of this Commission. Section 69-3-102, MCA.

2.The Montana Public Service Commission properly exercises jurisdiction over the Company's Montana operations pursuant to Title 69, Chapter 3, MCA.

3.Section 69-3-304, MCA, provides in part: "The Commission may, in its discretion, temporarily approve increases or decreases pending a hearing or final decision."

4.The rates approved herein are a reasonable means of providing interim relief to GFG. The rebate provisions of Section 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS
THAT:

- 1.Great Falls Gas Company is hereby authorized to
reinstate the NIP Loan surcharge on an interim basis at the rate
of \$.0174 per Mcf.
- 2.Great Falls Gas Company is hereby authorized to
implement a low-income furnace efficiency surcharge on an interim
basis at the rate of \$.0078 per Mcf.
- 3.Nothing in this Interim Order precludes the Commission
from adopting in its Final Order, after reviewing the entire
record in this Docket, surcharges different from that contained
in this Interim Order.
- 4.Interim approval of any matters in this Docket should
not be viewed as final endorsement by the Commission of any
issues, calculations, or methodologies approved in this Interim
Order.
- 5.The interim implementation of these surcharges is to be
effective for meter readings on and after December 1, 1992.
- 6.Final consideration of all matters in this Docket will
take place in Docket No. 92.10.57. The Commission hereby
consolidates Docket No. 92.8.37 into Docket No. 92.10.57.

DONE IN OPEN SESSION at Helena, Montana, this 7th day of
December, 1992, by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Chairman

WALLACE W. "WALLY" MERCER, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

TED C. MACY, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.